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Attorneys for Debtors
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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	: 08-13555 (JMP)
	:
Debtors.	: (Jointly Administered)
-----X	

**QUARTERLY REPORT PURSUANT TO ORDER PURSUANT TO
SECTIONS 105(a) AND 363(b) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019 AUTHORIZING THE ESTABLISHMENT
OF PROCEDURES FOR THE DEBTORS TO COMPROMISE
CLAIMS OF THE DEBTORS IN RESPECT OF REAL ESTATE LOANS**

Pursuant to the Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code and Bankruptcy Rule 9019 Authorizing the Establishment of Procedures for the Debtors to Compromise Claims of the Debtors in Respect of Real Estate Loans, entered on September 16, 2009 (the “Order”),¹ the Court granted Lehman Brothers Holdings Inc. and its affiliated debtors in the above-referenced chapter 11 cases (together, the “Debtors”) authority to (i) agree to Discounted Payoffs with respect to Residential Real Estate Loans and Commercial Real Estate Loans and (ii) agree to Loan Modifications with respect to Residential Real Estate Loans in accordance with the procedures set forth in the Order.

¹ All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Order.

In accordance with the Order, the Debtors hereby file the quarterly report, which is attached hereto as Exhibit A, of all transactions entered into under the authority of the Order for the period from June 1, 2010 to and including August 31, 2010.

Dated: September 30, 2010
New York, New York

/s/ Shai Y. Waisman

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Exhibit A

Discounted Payoff Report		
	Number of Discounted Payoffs in Last Three Months	Aggregate Mark-to-Market Carrying Value of all Residential or Commercial Real Estate Loans Subject to Discounted Payoff in Last Three Months
Commercial Real Estate Loans	15	\$169,084,438.62
Residential Real Estate Loans	9	\$32,000

Residential Real Estate Loan- Loan Modification Report	
Number of Residential Real Estate Loan Loan Modifications in Last Three Months	Aggregate Mark-to-Market Carrying Value of all Residential Real Estate Loans Subject to Loan Modifications in Last Three Months
86	\$4,254,060.15